

DEFINITION OF COST CATEGORIES, INSTRUCTIONS AND EXAMPLES

A. PERSONNEL

DEFINITION: Actual salaries and wages for all staff positions in the proposed project that will provide direct care and administrative services (including clerical) to the project.

INSTRUCTIONS: Enter the following information for each position on the PERSONNEL Budget Category Detail Form: functional title, whether the position is existing or proposed, % of time dedicated to the project, any certification or license an individual must possess to be qualified for the position, the total annual salary, the amount of TDH funds requested for this position's salary (% of time dedicated to the project multiplied by the annual salary), whether the position is vacant or filled, and the justification for the position. Justification may include a brief description of the position's primary responsibilities and an explanation for the % of time dedicated to the project, why the position classification is appropriate (including license/certification requirements), and an explanation of reasonableness of the annual salary.

B. FRINGE BENEFITS

DEFINITION: Fringe benefits paid by the applicant on behalf of its employees. This includes employer contributions for social security, retirement, health and accident insurance, and workers' compensation insurance. Fringe benefits requested should represent actual benefits paid for employees.

INSTRUCTION: Itemize the elements of fringe benefits and indicate the % rate on the PERSONNEL Budget Category Detail Form.

C. TRAVEL

DEFINITION: The costs of transportation, lodging, meals and related expenses incurred by the applicant's staff while traveling to perform duties required by the proposed project are classified as travel. This includes personal auto mileage for travel by employees. Costs related to client transportation and registration fees should be classified as "Other" not "Travel."

INSTRUCTIONS: The TRAVEL Budget Category Detail Form requires information on local travel costs (travel and per diem) and information on conferences/workshops for which TDH funding is being requested. For local travel, enter the reimbursement rate for automobile mileage and the estimated number of miles to be traveled for the budget period. To calculate the total estimated local travel costs, multiply the local reimbursement rate per mile by the total estimated number of automobile miles. Enter the estimated per diem costs which may be associated with local travel and show the basis for cost (15 partial days x \$7 per partial day = \$105). The justification should include who or what position classification(s) will be traveling and why local travel is necessary to accomplish the project. For conferences/workshops, the following must be

included for all attending for whom TDH funds are being requested: the name and/or description of the conference/workshop, the location (city), the number of persons attending, estimated travel, per diem, other related travel costs (excluding registration fees) and total costs for all attending. The justification should include how attendance at the conference/workshop will directly benefit the project and why it is necessary to accomplish the project.

All contracts with the Texas Department of Health require that a written travel policy be maintained by the contracting entity. Attach a copy of the travel policy as an appendix to the proposal. If a written travel policy is not in place, TDH's travel policy will be used.

D. EQUIPMENT

DEFINITION: Equipment is defined by TDH as non-expendable personal property with a unit cost of more than \$1,000.00 and a useful life of more than one year, with the following exceptions: fax machines, stereo systems, cameras, video recorders/players, microcomputers, printers, software, medical and laboratory equipment. Medical and laboratory equipment in this category is defined as microscopes, oscilloscopes, centrifuges, balances, and incubators. Medical and laboratory equipment not included in these five categories are not considered a capital asset unless the unit value is over \$1,000.00. The exception items listed will still be inventoried if their unit cost plus any items used with or attached to the unit is \$500.00 or greater. For items with component parts (i.e., computers), the aggregate cost must be considered when applying the \$500/\$1,000 threshold.

INSTRUCTIONS: Enter the following information on the EQUIPMENT Budget Category Detail Form for each type of equipment item: description of each item, the cost per unit, the number of units to be purchased, the total amount for the line item (multiply the cost per unit by the number of units), state the purpose for the item(s) and why the equipment is necessary and how the applicant determined or will determine that the cost is reasonable. Attach a complete specification or a copy of the purchase order.

EXAMPLES OF EQUIPMENT DESCRIPTIONS

Remember: Equipment is priced **per unit** including freight. If you intend to purchase 10 modems @ \$95 each, this would be considered a supply item not an equipment item.

INCORRECT EXAMPLES

CORRECT EXAMPLES

Computer-166 Mh Pentium

Packard Bell Multimedia C-110,
Hard Drive 1081.7

1 @ \$2,150

MB; 14.4 AMSP modem fax; .44
MB 3.5" diskette
drive, CD ROM 4X CDR-173;
Mouse, Color monitor; Keyboard,
Windows '95 pre-installed.

(Insufficient description/specification)

1 @ \$2,150

1 @ \$250 Laser Jet Printer
*(This item would be moved to supplies
as it is less than \$500.00).*

24" Zenith Portable TV/VCR Combination;
Model #Z12345

1 @ \$750

E. SUPPLIES

DEFINITION: Costs for materials and supplies necessary to carry out the program. This includes medical supplies, drugs, janitorial supplies, office supplies, patient educational supplies, software less than \$500, plus any equipment with a purchase price including freight not to exceed \$1,000 per item, except those listed in the "equipment" category.

INSTRUCTIONS: Enter the following information in the SUPPLIES Budget Category Detail Form for each general category or type of supplies: description of the items, the cost per unit, the number of units to be purchased, the total amount for the line item (multiply the cost per unit by the number of units), and state the purpose for the item(s), why the equipment is necessary and how the applicant determined or will determine that the cost is reasonable.

F. CONTRACTUAL

DEFINITION: The contractual section includes only costs incurred for health or health-related services rendered directly to the applicant's clients by a third party. Examples of the services that may be included in this category are: counseling, education, nursing, lab fees, physician's fees, radiology, pharmacy, therapy, etc. Travel by these individuals should be included in this category if they are delivering client services. Contracts for

administrative services are not included in this category; they are properly classified in the Other category.

If the applicant enters into grant contracts with subrecipients or procurement contracts with vendors, the documents will be in writing and will comply with the requirements specified in the Contracts with Subrecipients and Contracts for Procurement articles in the General Provisions for Texas Department of Health Grant Contracts (see **APPENDIX A: Sample General Provisions, Texas Department of Health Contracts**, 2000 version).

If an applicant plans to enter into a contract which delegates a substantial portion of the scope of the project i.e. \$25,000 or 25% of the applicant's funding request whichever is greater, the applicant must submit justification to TDH and receive prior written approval from TDH before entering into the contract.

INSTRUCTIONS: The CONTRACTUAL Budget Category Detail Form requires the names of the individuals or organizations performing the services, a description of the services being contracted, the number of hours or units of service to be purchased, the method of reimbursement (cost reimbursement or unit cost), unit cost if applicable and total amount of each subcontract. Justification should include why applicant intends to contract for the service, why the service is necessary to perform the scope of work and how the applicant will ensure that the cost of the service is reasonable.

Justification for contracts that delegate a substantial portion of the scope of the project i.e. \$25,000 or 25% of the applicant's funding request whichever is greater, must be attached behind the CONTRACTUAL Budget Category Detail Form.

G.CONSTRUCTION - TDH does not fund construction projects.

H.OTHER

DEFINITION: All other allowable direct costs not listed in any of the above categories are to be included in this category. Some of the major costs that should be budgeted in this category are:

- * contracts for administrative services or non-medical services;
- * space and equipment rental;
- * utilities and telephone expenses;
- * data processing services;
- * printing and reproduction expenses;
- * postage and shipping;
- * contract clerical or other personnel services;
- * janitorial services;
- * exterminating services;
- * security services;
- * insurance and bonds;
- * equipment repairs or service maintenance agreements;

- * books, periodicals, pamphlets, and memberships;
- * advertising;
- * registration fees;
- * patient transportation;
- * training costs, speakers fees and stipends.

INSTRUCTIONS: The OTHER Budget Category Detail Form requires a general description of the service and the cost. The justification should include an explanation of the purpose of the service and how it is necessary for the completion of the activity. The justification should also include a statement of when services will be utilized if other than the full RFP budget period.

I. TOTAL DIRECT CHARGES

The amount to be entered on row I Total Direct Costs, of the BUDGET SUMMARY form, is the sum of all direct cost categories (A through H).

J. INDIRECT COSTS

DEFINITION: Those costs related to the project that are not included in direct costs. Indirect costs are those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily identified with a particular cost center and which may be paid if allowable under the funding source.

The applicant may negotiate an indirect cost rate with its federal cognizant agency or state coordinating agency. If there is no assigned agency, TDH's Fiscal Division may provide guidance on how to have an agency assigned or TDH's Fiscal Division may review the applicant's cost allocation plan and negotiate an approved indirect cost rate. The TDH Fiscal Division will maintain a listing of agencies and their approved rates. To obtain information about cognizant agencies or negotiating an indirect cost rate, contact the TDH Fiscal Division at (512) 458-7435.

If the applicant does not have an approved indirect cost rate and does not intend to negotiate one, then funds may be budgeted in accordance with Uniform Grant Management Standards (UGMS) which reads as follows:

"In lieu of determining the actual indirect costs of the service for which a state award is made, a grantee may recover up to 10 percent of the direct salary and wage costs of providing the service (excluding overtime, shift premiums, and fringe benefits) as indirect costs, subject to adequate documentation [of direct salary and wage costs]. Applicants choosing this method of indirect cost recovery are prohibited from seeking recovery using a cost allocation plan, rate or other methods for the same period."

INSTRUCTIONS: A Budget Category Detail Form has not been developed for the Indirect Cost Category. Applicant should indicate the indirect cost rate (if applicable) on the BUDGET SUMMARY page and mark the box which contains the appropriate

statement regarding the support for the indirect charge. If applicant attaches a copy of the most recently approved indirect cost rate, it should be placed behind the OTHER Budget Category Detail Form.

K. TOTAL

The amount to be entered on row K Total, of the BUDGET SUMMARY form, is the sum of Total Direct Costs and Indirect Costs (I + J).

L. PROGRAM INCOME

DEFINITION: Program income is the income resulting from fees or charges made by a contractor in connection with activities supported in whole or in part by a federal/state contract. Program income earned as a result of an effort which is jointly funded by TDH and the contractor is to be shared by TDH and the contractor. A program income allocation plan is the means by which TDH's share is determined. The required formula for a plan is as follows:

$$\begin{array}{l} \text{TDH's Share of Funding} \\ \text{Program Income} \end{array} \qquad \qquad \qquad \text{X Total Program Income Collected} = \text{TDH's Share of} \\ \text{TDH's Share of Funding} + \text{Contractors Share of Funding}$$

Contractor shall disburse program income rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting cash payments including advance payments from TDH.

For more information about program income refer to the Program Income Article in the General Provisions for the Texas Department of Health Grant Contracts and/or request a copy of TDH's Financial Administrative Procedures Manual.

INSTRUCTIONS:

Projected Earnings. Applicant must enter on the BUDGET SUMMARY form the estimated amount of program income that is expected to be generated during the budget period.

Examples Of Program Income

<ul style="list-style-type: none">• <i>fees received for personal services performed in connection with and during the period of contract support;</i>
<ul style="list-style-type: none">• <i>tuition and fees when the course of instruction is developed, sponsored, and supported by the applicable contract from state or federal sources;</i>
<ul style="list-style-type: none">• <i>sale of services such as laboratory tests or computer time; or</i>• <i>payments received from patients or third parties for medical or hospital service, such as Title XIX or Title XX reimbursements, insurance payments, or patient fees. These payments may be made under either a cost reimbursement or a fixed price agreement;</i>• <i>lease or rental of films or video tapes; and</i>• <i>rights or royalty payments resulting from patents or copyrights developed or acquired by the contractor.</i>

M. MATCH

DEFINITION: The portion of allowable costs incurred under the proposed project borne by unrestricted funding sources or the value of third party in-kind contributions applicable to the period to which the match requirement applies.

Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the applicant's records. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, donated or volunteer services will be supported by the same methods that the applicant uses to support the allocability of regular personnel costs. Applicant must provide supporting documentation of the reasonableness and value of donated and volunteer services. Third party in-kind contributions count toward satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

INSTRUCTIONS: If the applicant is required to provide a match with this application, applicant shall enter on the BUDGET SUMMARY form the amount of matching funds contributed under the appropriate funding column(s).

In-Kind. Enter the dollar value of in-kind contributions in row M. In-Kind Match under the column heading which reflects the source of the in-kind contribution. The value placed on donated or volunteer services must be reasonable and must be documented to the satisfaction of TDH prior to being accepted as match. Documentation supporting the reasonableness and value of donated or volunteer services must be attached behind the BUDGET SUMMARY form.

Other Match. Enter the dollar amount of funds which will be used to match TDH funds for the proposed activity in row M. Other Match under the column heading which reflects the source of the other match.